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Letter dated 10 February 2006 from the Chairman of the Security Council Committee established pursuant to resolution 1373 (2001) concerning counter-terrorism addressed to the President of the Security Council

The Counter-Terrorism Committee has received the attached fourth report from the Russian Federation submitted pursuant to paragraph 6 of resolution 1373 (2001) (see annex). I would be grateful if you could arrange for the present letter and its annex to be circulated as a document of the Security Council.

(*Signed*) Ellen Margrethe **Løj**
Chairman
Security Council Committee established pursuant to resolution 1373 (2001) concerning counter-terrorism

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Annex

Letter dated 8 February 2006 from the Permanent Representative of the Russian Federation to the United Nations addressed to the Chairman of the Counter-Terrorism Committee

Pursuant to your letter dated 21 October 2005, I have the honour to transmit herewith the fourth report of the Government of the Russian Federation to the Committee, prepared in compliance with paragraph 6 of Security Council resolution 1373 (2001) (see enclosure).

The Russian Federation stands ready to provide the Committee with further information, as required.

(*Signed*) Andrey **Denisov**

Enclosure

[Original: English/Russian]

Reply of the Russian Federation to the letter dated 21 October 2005 from the Counter-Terrorism Committee Chairman, Ms. Ellen Margrethe Løj

1. **Implementation measures**

1.1 **The Committee would be grateful to be informed whether Federal Law No. 152289-3 on the introduction of amendments and additions to the Federal Act "On measures to combat terrorism" received the assent of the State Duma and entered into law. Given the urgency of the need to fully implement the resolution, the Committee considers the passage of such legislation a priority.**

The draft federal act on the introduction of amendments and additions to the Federal Act "On measures to combat terrorism" was voted down by the State Duma of the Federal Assembly of the Russian Federation on 11 April 2003, by its resolution No. 3880-III GD. At the same time, it should be noted that the State Duma adopted in first reading the draft federal act on counter-terrorism, in which the principles, concepts and organizational and coordinating mechanisms for combating terrorism are set forth. The draft act is expected to be reviewed in second reading in the near future.

1.2 **The Committee regards the criminalization of terrorist acts and their financing and effective protection of the financial system from use by terrorists as areas of priority for all States in implementing the resolution. From the information provided to the Committee thus far, it is unclear whether the Russian Federation has domestic legislation to specifically extend the reporting requirement for suspicious transactions to professional intermediaries (lawyers, accountants) operating outside the formal banking and financial sector.**

Federal Act No. 115-FZ of 7 August 2001 "On the prevention of the legalization of funds obtained by criminal means (money-laundering) and the financing of terrorism" (as amended in Federal Act No. 112-FZ of 25 July 2002, No. 131-FZ of 30 October 2002, No. 88-FZ of 28 July 2004 and No. 145-FZ of 16 November 2005) requires organizations conducting transactions with funds or other assets to identify any such transactions involving the legalization of funds obtained by criminal means (money-laundering) and the financing of terrorism. In accordance with article 5 of this Act, organizations conducting transactions with funds or other assets include: credit institutions; professional stockbrokers; insurance agencies and leasing companies; federal postal services; pawnshops; dealers in precious metals and precious stones, items of jewellery made there and scrap from such items; organizations with totalizators and bookmaking offices, as well as those organizing and operating lotteries, totalizators (pari-mutuel) and other games of chance, including electronic games; organizations which manage investment funds or non-State pension funds; and real estate agencies.

Furthermore, in accordance with article 7.1 of the aforementioned Federal Act, similar requirements to identify transactions with funds or other assets involving the

legalization of funds obtained by criminal means (money-laundering) and the financing of terrorism extend to lawyers, notaries and persons providing professional legal and accounting services when they prepare or conduct transactions with funds or other assets on behalf of or on instructions from their client, as follows: transactions involving real estate; management of funds, securities or other assets of the client; management of bank accounts or security accounts; raising of capital for the establishment of organizations and for the financing or management of their activities; establishment of organizations, financing or management of their activities; and purchase and sale of organizations.

1.3 **In light of the above observation, the Committee would be grateful to receive an update on the status of proposed legislative actions (or, if already enacted, the new laws and regulations) and on how they address this issue specifically. The Committee would also appreciate information on any criminal, civil or administrative sanctions which have been imposed for failure to comply with reporting obligations.**

Pursuant to Federal Act No. 130-FZ of 30 October 2002, article 15.27 was added to the Code of Administrative Offences of the Russian Federation, providing for liability for violations of the law on the prevention of the legalization of funds obtained by criminal means (money-laundering) and the financing of terrorism.

This article establishes administrative penalties for offences involving non-compliance by organizations conducting transactions with funds or other assets with the provisions of the law on the prevention of the legalization of funds obtained by criminal means (money-laundering) and the financing of terrorism, including in relation to the recording, storage and provision of information concerning transactions subject to compulsory monitoring and the conduct of internal monitoring.

In accordance with Federal Act No. 45-FZ of 9 May 2005, a new kind of penalty is provided for in the Code of Administrative Offences: administrative suspension of activities, which is imposed, inter alia, for the commission of offences specified in article 15.27 of the Code.

In accordance with article 23.62 of the Code, cases involving administrative offences specified in article 15.27 are considered by the federal executive body responsible for taking steps to suppress the legalization of funds obtained by criminal means (money-laundering) and the financing of terrorism (this body is the Federal Financial Monitoring Service, Rosfinmonitoring).

According to official court statistics, 14 persons were convicted in 2004 and 49 persons in the first six months of 2005 under article 174 of the Criminal Code of the Russian Federation, which establishes liability for the legalization of monetary or other proceeds of crimes committed by others and for the financing of terrorism; 42 persons were convicted in 2004 and 110 persons in the first six months of 2005 under article 174.1 of the Criminal Code, which establishes liability for the legalization of monetary or other proceeds of a person's own crimes. Criminal proceedings were initiated against one person in 2005 for financing a terrorist organization.

1.4 **The Committee would be grateful to learn what investigatory techniques the Russian Federation employs and what training it provides to its administrative, investigative, prosecutorial and judicial authorities with**

respect to typologies and methodologies in the areas of terrorist financing and the tracing of criminal assets and funds with a view to their seizure and confiscation. Are statistics on seizures and confiscations since the last report available?

In accordance with Order No. 1989-r of the Government of the Russian Federation of 21 November 2005, an autonomous, non-profit organization — the Financial Monitoring Training Centre — was established, of which Rosfinmonitoring is a founding member. The Centre is scheduled to train specialists, including in the suppression of the financing of terrorism.

1.5 **The Committee would appreciate receiving information on the operations of the Russian Financial Intelligence Unit (FIU) (Rosfinmonitoring) and its success in reporting and tracing terrorist financing. Do appropriate mechanisms exist to ensure cooperation and information sharing among the relevant government investigatory agencies?**

In the light of the seriousness of the objective of combating the financing of terrorism and the need to carry out this work in a thorough, targeted and systematic manner, the Federal Financial Monitoring Service singled out this responsibility as an area in its own right. For the fulfilment of this responsibility, in 2004 Rosfinmonitoring established a specialized division, the Office for the Suppression of the Financing of Terrorism, which is now fully operational.

In accordance with federal law and on the basis of data provided by the Russian Ministry of Foreign Affairs and Procurator-General's Office, Rosfinmonitoring keeps a standing list of organizations and individuals associated with extremist (terrorist) activities, which is transmitted directly to organizations that conduct transactions with funds or other assets.

The list is routinely updated. It is already in its twelfth revised version. It includes, in accordance with the resolutions of the United Nations Security Council:

- 119 organizations and 345 individuals from the list of international terrorists;
- 21 organizations whose activities have been suspended in the territory of the Russian Federation by order of the Supreme Court;
- 1,261 individuals against whom criminal cases have been filed under the relevant articles of the Criminal Code of the Russian Federation or who have been found guilty of offences specified in those articles by decision of a court.

In the course of this activity the Service traced more than 100 accounts of organizations and individuals included in the list, which were then placed under monitoring and surveillance. Administrative procedures to suspend transactions were applied to all suspicious transactions through these accounts reported by prosecutorial and law enforcement agencies. Two international terrorist organizations were investigated with the participation of foreign financial intelligence units and Russian intelligence services.

Today, almost 4,000 organizations and individuals known by law enforcement agencies to be involved or associated with terrorism and its financing or suspected of such activity have been entered in the counter-terrorism subsystem of the Rosfinmonitoring integrated information system for monitoring and surveillance.

Information on suspicious transactions obtained within the framework of such monitoring is analysed and, as appropriate, reported to law enforcement agencies.

Within the overall system to combat the financing of terrorism, Rosfinmonitoring considers that its potential lies above all in its role as a body which provides effective assistance to law enforcement agencies in combating extremism and terrorism. Therefore, the efforts of the Federal Financial Monitoring Service have been aimed first and foremost at enhancing the level of cooperation with these entities.

As a result, there has been a substantial increase in the exchange of strategically significant information among the government bodies concerned.

In 2005 the volume of queries from law enforcement agencies increased by almost three times, compared to the previous year, and during the same period the number of natural and legal persons investigated in response to such queries increased five-fold.

Rosfinmonitoring, at the request of law enforcement agencies, also participates in investigations of the financial aspect of criminal cases involving terrorism.

Rosfinmonitoring receives around 15,000 pieces of information daily from banking and financial institutions, based on which it singles out some 800 to 1,200 transactions according to anti-terrorist indicators (criteria) alone. Of these transactions, 30 to 50 then generally undergo further investigation, including with the participation of law enforcement agencies.

Work in this area has helped to increase the quantity and quality of materials for financial analysis obtained both as a result of investigations conducted in response to queries and through the Service's own analytical work. The overall quantity of material sent to law enforcement agencies in 2005 is almost twice as high as in the previous year.

An Interdepartmental Commission was established in 2005 on instructions from the Government of the Russian Federation, headed by V. A. Zubkov, head of the Federal Financial Monitoring Service. It is composed of representatives from 13 ministries and departments, including the Ministry of Finance, Bank of Russia, Ministry of Internal Affairs, Federal Security Service, Foreign Intelligence Service, the Procurator-General's Office and others. The Commission is responsible, inter alia, for streamlining coordination, enhancing its machinery and promoting cooperation and information exchange in the area of suppressing the financing of extremism (terrorism).

International cooperation with foreign Governments on issues concerning the suppression of the financing of terrorism is being carried out at both the multilateral level — through joint activities within various international organizations — and the bilateral level.

In particular, Rosfinmonitoring is actively cooperating with foreign countries within international organizations working to suppress the financing of terrorism and laundering of criminal proceeds, such as the Financial Action Task Force on Money Laundering (FATF), the Counter-Terrorism Committee, the Council of Europe Select Committee of Experts on the Evaluation of Anti-Money Laundering Measures (MONEYVAL), the Egmont Group of Financial Intelligence Units, international financial institutions and other organizations.

The FATF-style Eurasian Group on Money-Laundering and Financing of Terrorism (EAG) was established in October 2004 on the initiative of Rosfinmonitoring. Its members include the Russian Federation, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan and China. Observer status has been granted to FATF, the International Monetary Fund (IMF), the World Bank, the United Nations Office on Drugs and Crime, the Council of Europe, the Executive Committee of the Commonwealth of Independent States (CIS), the Shanghai Cooperation Organization, the Collective Security Treaty Organization (CSTO), the Eurasian Economic Community (EURASEC), Interpol, the United States of America, the United Kingdom, Germany, Italy, Uzbekistan, France, Georgia, the Republic of Moldova, Japan, Turkey and Ukraine. Uzbekistan became an EAG member in December 2005.

The main aim of establishing EAG was to provide assistance, including technical assistance, for the development of national systems to suppress the financing of terrorism and laundering of criminal proceeds and to bring them into line with international standards, to provide aid for the establishment of financial intelligence units and to ensure that their activities are effective through close cooperation and timely exchange of information.

Rosfinmonitoring is participating in various multilateral activities to establish international FATF standards and ensure global compliance with those standards, as well as actively promoting and implementing its own initiatives.

For example, at the October (2004) plenary session of FATF, the ninth Special Recommendation of FATF (cash couriers), aimed at blocking illegal cross-border movements of cash, which could be used to finance terrorism and other criminal activity, was adopted with the support of the Russian Federation. The Russian Federation is also determined to promote actively the implementation of the other Special Recommendations and, specifically, to work tenaciously to prevent the use of alternative remittance systems, such as hawala, non-profit organizations and electronic money transfer systems, to finance terrorism.

Cooperation with foreign countries on matters relating to the suppression of the financing of terrorism is also conducted bilaterally, through interaction with financial intelligence units and participation in working groups, including high-level working groups, on combating terrorism.

Rosfinmonitoring continues to foster international cooperation to combat the financing of terrorism and is presently engaged in information exchanges with the financial intelligence units of 68 countries around the world.

Cooperation agreements have been signed with financial intelligence units of 26 countries, and preparations for the signing of such agreements with other financial intelligence units are ongoing.

Thus, the Russian system to suppress the financing of terrorism, which went into effect in February 2002, is being actively developed and enhanced, taking into account the international obligations of the Russian Federation. Pursuant to Order No. 506-rp of the President of the Russian Federation of 28 October 2003, a national strategy to combat the legalization of proceeds of crime and the financing of terrorism was elaborated and approved by the President on 11 June 2005.

Recently, the Interdepartmental Commission submitted to the Government of the Russian Federation a five-year plan containing measures to implement this strategy. The plan's main objective is to coordinate the efforts of all government bodies involved in combating the laundering of proceeds of crime and the financing of terrorism. The plan also stipulates activities to enhance the regulatory and legislative framework, and provides for the development of law enforcement practices, the strengthening of international cooperation and personnel training.

1.6 **Section VIII on "Anti-Money Laundering and Anti-Terrorist Financing" (pp. 34-35 (English text), paras. 89-91) of International Monetary Fund (IMF) country report No. 03/147 of May 2003, entitled "Russian Federation: Financial System Stability Assessment" (www.imf.org/external/pubs/ft/scr/2003/cr03147.pdf), makes reference to inadequate screening for persons controlling financial institutions. The Committee would be grateful for additional information concerning efforts to ensure greater transparency, public disclosure and closer auditing of the structure and identity of owners, directors and managers of these entities.**

Pursuant to Federal Act No. 395-1 of 2 December 1990, "On banks and banking activity", the Central Bank of the Russian Federation issued Instruction No. 109-I, of 14 January 2004, "On Bank of Russia decision-making procedures regarding State registration of credit institutions and issuance of banking operations licences". Chapter 22 of this document stipulates, inter alia, that should there be changes in the governing bodies of credit institutions, candidates for these posts should be approved by the Bank of Russia territorial affiliate, taking into account the requirements of the Federal Act "On banks and banking activity". It also stipulates that the information provided in candidates' resumés should be verified by the Bank of Russia territorial affiliate.

1.7 **The Committee would appreciate an update concerning the licensing or regulation of formal and informal funds remittance/transfer services operating within the Russian Federation and whether sanctions have been applied for failure to register and/or for illegal activities.**

There have been no changes in this regard since the 2003 report.

1.8 **The Committee would welcome information on the customs practices of the Russian Federation in monitoring people and cargo at its borders and points of entry. Which domestic agencies are involved (immigration/customs) and how do they share their information and coordinate their operations among themselves and with neighbouring States? Do they utilize immigration databases and integrated electronic customs networks which contain information on suspected terrorists and their organizations? Do customs and related border control agencies conduct risk-based cargo inspections and, if so, according to what criteria? The Committee would also like to know what kind of technical training customs and immigration personnel have undergone.**

Pursuant to article 11 of Russian Federation Act No. 4730-1 of 1 April 1993 "On the State border of the Russian Federation", admission across the State border of persons, vehicles, cargoes, goods and animals occurs when the crossing of the State border by persons and vehicles entering the territory of the Russian Federation and the movement across the State border of cargoes, goods and animals into the

territory of the Russian Federation is recognized as legal, or when permission is granted for the crossing of the State border by persons and vehicles departing from the Russian Federation and for the movement across the State border of cargoes, goods and animals out of the Russian Federation.

Admission of persons, vehicles, cargoes, goods and animals across the State border involves the implementation of border controls (verification of the basis for admission across the State border of persons, vehicles, cargoes, goods and animals, inspection of vehicles, cargoes and goods in order to detect and detain persons in violation of the rules for crossing the State border and cargoes, goods and animals being moved which are prohibited, under the legislation of the Russian Federation, from being imported into or exported from the Russian Federation) and, when necessary, customs, immigration, sanitary and quarantine, veterinary, phytosanitary, transport and other types of controls.

The content, means and methods of control and procedures for their application are established by the Government of the Russian Federation pursuant to the laws of the Russian Federation.

Regulations on the application of the means and methods of control in admitting persons, vehicles, cargoes, goods and animals across the State border of the Russian Federation were approved by Decision No. 50 of the Government of the Russian Federation of 2 February 2005.

Examination of vehicles, cargoes and goods involves a visual external check, which does not entail opening the vehicle (or its cargo compartments) or breaching cargo and goods packaging.

Vehicles, cargoes and goods are examined in order to check vehicle cargo compartments or receptacles, containers and other places where persons, cargoes and goods are (or could be) located and to verify the integrity of seals, stamps and goods packaging and for other purposes.

Inspection of vehicles, cargoes and goods includes a thorough check in order to prevent and suppress violations of the norms of federal law and of the international agreements of the Russian Federation; to detect persons who are crossing (or have crossed) the State border illegally, as well as vehicles, cargoes, goods and animals that are being moved (or have been moved) across the State border; to determine the need to disinfect vehicles, cargoes and goods; and to detect plant pests, plant pathogens and plants (weeds) subject to quarantine.

Inspection involves removing seals and stamps and opening cargo and goods packaging and vehicle cargo compartments or receptacles, containers and other places where persons, cargoes and goods are (or could be) located, and taking samples of cargoes and goods when necessary.

Under article 24 of Russian Federation Act No. 4730-1 of 1 April 1993 "On the State border of the Russian Federation", officials of transport concerns and organizations, as well as owners of vehicles, are required, at the request of representatives of border control agencies, to open for inspection sealed (stamped) railway cars, automobiles, holds and other spaces in vehicles and the cargoes transported therein.

1.9 **The Committee would be grateful if the Russian Federation could elaborate on current border control measures and the steps it has taken or**

is contemplating in order to improve the quality of its national identification and travel documents and thus to prevent their counterfeiting, forgery and fraudulent acquisition, with a view to meeting international security standards (digitized photos and biometric indices) and best practices. What steps are taken to verify identity prior to issuing such documents? What training have border personnel and police undergone and what technology is used to detect counterfeit, forged or false travel documents? What arrangements and information-sharing exist between the Russian Federation and bordering States in order to examine the flow of goods and persons at points of entry and departure and thus to prevent cross-border terrorist acts and apprehend suspected terrorists?

Pursuant to Order No. 1156-r of the Government of the Russian Federation of 5 August 2005, a number of ministries and departments have been tasked with creating, during the period 2005 to 2007, a national system for the production, issuance and monitoring of a new generation of passport and visa documents with an electronic chip containing biometric information about the holder.

1.10 **The Committee would welcome an update on current licensing regimes for the manufacture, purchase, import and export of firearms in the Russian Federation. Which agency or department is responsible for their issuance and for monitoring licence authenticity and validity? How long do such licences remain in force and are they valid for one or multiple shipments? How does the Russian Federation verify security in the storage and transport of firearms?**

Licensing

Manufacture. Licensing of firearms manufacture (hereinafter, "SALW", for small arms and light weapons) is handled by the Federal Industrial Agency (Rosprom).

The decision to grant or refuse a licence is taken within 60 days of the date of receipt of the application, accompanied by all necessary documents.

Licences are issued for a period of five years. The licensee may apply for an extension in accordance with established procedure.

Under the administrative procedures adopted in the Russian Federation, at the manufacturing stage of SALW, the following are subject to control:

(a) Use of technical documentation on weapons;

(b) Accounting and storage of special technical equipment;

(c) Accounting of components, assembly units and completed weapons during manufacture, transport and storage;

(d) Procedures for storing and destroying weapons, including defective components;

(e) Procedures for marking and stamping weapons.

Monitoring of compliance with licensing requirements and conditions is carried out not less than once during the period of validity of a licence, on the basis

of instructions from the director of Rosprom, who determines the composition of the verification commission.

The commission may include experts who have experience in weapons manufacture, officials of the military representation office of the Ministry of Defence assigned to the organization being verified, and officials of the Ministry of Internal Affairs carrying out oversight functions in the area of weapons manufacture.

Purchase. Purchase of weapons in the Russian Federation is subject to licensing, with the exception of weapons procurement by State military organizations.

Licences to purchase weapons are issued by internal affairs agencies on the basis of applications submitted by Russian citizens. Licences to purchase weapons are valid for six months from the date of issuance.

Applications for licences are considered by the aforementioned agencies within one month of the date of receipt. Applications should contain information on the types of weapons to be purchased and measures taken to ensure accounting and safeguarding of the weapons. Applicants are also required to present the founding and registration documents of the relevant legal person or personal identification, as well as other documents stipulated in Federal Act No. 150-FZ of 13 December 1996 "On weapons".

Licences to purchase firearms are cancelled by the issuing agencies in the following cases:

Systematic (not less than twice in the course of a year) violation or non-fulfilment by legal persons or citizens of the requirements stipulated in the Federal Act "On weapons" and other laws and regulations of the Russian Federation governing the circulation of weapons;

The emergence of circumstances stipulated in the Federal Act "On weapons" which preclude the granting of licences or permits;

Modification by the owner of civilian or service weapons and cartridges used therein such as to change the ballistic and other technical specifications of the weapons in question and cartridges used therein.

Import and export. Under Russian legislation, small arms and light weapons (SALW) are not classified in a separate category of conventional weapons. Rather they are subject to the general procedure regulating transfers of military goods.

The licensing procedure in the Russian Federation for the import and export of military goods is set forth in the relevant regulations, which were approved by Presidential Decree No. 1062 of 10 September 2005 "On issues of military and technical cooperation between the Russian Federation and foreign States".

Under these regulations, import and export licences are granted by the Federal Military and Technical Cooperation Service on the basis of decisions on shipments of military goods taken in accordance with established procedure by the President, the Government and/or the Service.

Licences for imports effected in the interests of federal executive agencies, including troops and military units, and in the context of State defence procurement

by the State intermediary — the Federal State Unitary Enterprise Rosoboroneksport, which was created by a decision of the President — are granted the Federal Military and Technical Cooperation Service on the basis of Government resolutions approving the State defence order for the corresponding year.

Licences and the attached inventories of goods being imported or exported, which are an integral part of the licences, are issued on forms made of special forgery-proof paper and signed by the Director of the Service or his or her authorized representative.

The requirements for drawing up applications and licenses, as well as the procedure for submitting documents to obtain licences, are determined by the Federal Military and Technical Cooperation Service.

Indicated in separate columns on the licence are:

- Name of the State from or to which the military goods are being shipped;
- Name and legal address of the applicant organization;
- Number and date of the contract;
- Category of the military goods;
- Cost of the military goods;
- Licence expiry date (day, month, year);
- Decision (of the President, Government or Federal Military and Technical Cooperation Service) on the basis of which the licence was granted.

The Ministry of Defence is obliged, at the request of federal executive agencies, Russian and foreign actors in military and technical cooperation and other Russian participants in foreign trade, to issue to requesting organizations (persons) free of charge and within five working days of the date of receipt of the request a decision as to whether the goods intended for import and/or export will be treated as military goods. The form of and procedure for issuing this decision are determined by the Ministry.

In order to identify military goods being imported and exported when licences are drawn up and issued and when the goods are registered for customs purposes, the classification system for military goods imported and exported under licences granted by the Federal Military and Technical Cooperation Service is used.

Licences are granted only to the State intermediary — Rosoboroneksport — and to developers and producers of military goods which have obtained in accordance with established procedure the right to engage in foreign trade involving military goods. Similarly, these organizations are entitled to export only goods of which they are the developers and/or producers.

To obtain an import or export licence, the applicant organization submits to the Federal Military and Technical Cooperation Service the necessary set of documents, including:

- An end-user certificate — a document legalized in accordance with established procedure and containing an undertaking by the authorized agency of the foreign State that the military goods being exported from the Russian Federation will be used only for the stated purposes and will not be re-

exported or transferred to third countries without the consent of the Russian Federation;

– A copy of the permit granted to the foreign organization to engage in foreign trade involving military goods by the authorized agency of the foreign State in which the foreign organization that has contracted with the applicant organization is registered.

The licence application is submitted for approval by the Ministry of Defence or other State client on whose behalf the military goods are being imported and/or exported.

The applicant organization is responsible for obtaining approval of its licence application from the Ministry of Defence. Approval must be given, or a decision issued stating the grounds for rejecting the application, within five working days of the date of receipt. To accommodate urgent shipments of military goods under the terms of a contract, approval must be given within two working days of the date of receipt of the application.

The licence remains valid for the term of the contract and ends on the dates specified therein, provided that this term does not exceed the period for the import and/or export of the military goods established in the relevant resolutions of the President, the Government or the Federal Military and Technical Cooperation Service.

The licence is subject to registration with the customs agencies of the Russian Federation.

A licence may be extended and/or otherwise amended on the basis of a written application with grounds stated submitted by the applicant organization to the Federal Military and Technical Cooperation Service at least five days before the licence is due to expire.

The extension and/or other amendments are effected by the Service within five working days of the date of receipt of the application and are reflected in letters from the Service to the applicant organization and to the customs agency with which the licence is registered. These letters become an integral part of the licence.

Licences which have expired may not be extended and/or amended and need not be submitted to the customs agencies of the Russian Federation.

The Federal Military and Technical Cooperation Service has the right to suspend or cancel a licence:

– If, during the period of validity of the licence, false information is discovered in the documents submitted to obtain the licence;

– If the applicant organization violates the terms of the licence, for example, if the military goods actually exported (imported) do not correspond to the military goods specified in the licence;

– If the applicant organization loses its right to engage in foreign trade involving military goods;

– If the licence is lost.

The decision to suspend or cancel the licence is reported to the applicant organization and customs agency of the Russian Federation in writing within three days of the date on which such decision is taken.

Control

Under article 222 of the Criminal Code of the Russian Federation of 13 June 1996 (as amended on 25 June 1998), the unlawful storage or transport of firearms (hereinafter, "SALW", for small arms and light weapons) is punishable by imprisonment for up to eight years.

Storage

The Ministry of Internal Affairs of the Russian Federation and other authorized bodies systematically verify compliance with the rules governing the storage of firearms at enterprises. Ensuring reliable safeguarding of SALW is a top priority for the relevant officials in the Russian Federation. These officials are required to have precise information at all times on the location and condition of SALW; to enforce strict procedures for the protection, accounting, storage, distribution and use of SALW, precluding their loss or theft; and to conduct routine checks on the state of storage sites and take immediate steps to deal with reported irregularities. The appointment of officials is based on the conclusions of a review board.

SALW are stored in separate premises equipped with alarms under constant physical protection. Technical security equipment ensures that the alarm system will operate reliably in the event of any unauthorized entry into the SALW storage site or damage to the wiring (there is no device for disabling the alarm system). Persons may enter weapons stores only with authorization from the unit commanding officer, of which the officer on duty is informed.

Officials who do not take the necessary steps to ensure the security of SALW are liable to criminal prosecution, in accordance with established procedure. The competent bodies institute the criminal proceedings and conduct initial inquiries. Each unit is required to keep a separate register listing of stolen (missing) and lost weapons by number.

Centralized accounting and control are conducted at manufacturing enterprises to ensure the security of SALW. A monthly check is carried out by piece and by number. In addition, an annual check of the stock and the conditions of storage of SALW is carried out by a commission appointed by order of the director of the enterprise. Registration and safeguarding of the finished produce is regulated by the Instructions "On the procedure for the receipt, registration and storage of the finished product and the admittance of persons to the store". Information on SALW is kept by the manufacturer for 10 years and by the operating entity indefinitely.

The armed forces and State paramilitary organizations of the Russian Federation are required to keep special documentation on every weapon issued. SALW are recorded in a special register which keeps track of their movement and of inventory in stores and in each unit. Furthermore, a record by number is kept of SALW for each unit (officer). SALW assigned to officers are recorded in their military service cards (identity cards) indicating the make, series, weapon number

and date of issuance. Possession by an officer of a weapon not assigned to him is strictly prohibited.

The Ministry of Defence of the Russian Federation has established an integrated computerized record-keeping system for SALW by number. As at mid-2005, 82.4 per cent of all SALW was covered by record-keeping by number, and work on inventorying and recording by number such sensitive types of weapons as man-portable air defence systems (MANPADS) had been completed in full.

To improve the SALW record-keeping system, the Ministry of Defence has decided to keep permanently documents relating to the circulation of SALW, including MANPADS and their components, anti-tank missile hardware and anti-tank missiles.

The Ministry of Internal Affairs is developing and implementing centralized record-keeping for missing (stolen or lost) and traced (confiscated, recovered or voluntarily surrendered) firearms on behalf of law enforcement agencies and State paramilitary organizations of the Russian Federation and law enforcement agencies of CIS member States. This is being done with the help of the Oruzhie automated information retrieval system. The database on lost and traced SALW has been completed and is being updated daily. Requests to check weapons are handled around the clock.

The Ministry of Defence and State organizations with SALW inform the Ministry of Internal Affairs about any theft, loss or damage to these weapons. Information on missing weapons is collected from every State paramilitary organization annually.

Transport

Legal persons have the right to transport weapons belonging to them on the basis of permits from the internal affairs agencies granted according to procedures established by the Ministry of Internal Affairs.

To transport weapons legal persons are required to:

- Coordinate with the internal affairs agencies with which the weapons are registered regarding the route and type of transport;
- Outfit the means of transport in accordance with applicable requirements on the transport of dangerous goods;
- Provide an escort of no fewer than two armed guards for weapons shipments of more than five pieces;
- Transport weapons in factory packaging or in special containers which must be stamped or sealed.

During transport, weapons must not be loaded and must be kept separate from ammunition.

During the transport of weapons shipments, the means of transport must be in good working order and the load must not be visible to or freely accessible by unauthorized persons.

In the event that weapons are transported by a convoy of more than two vehicles, an escort of no fewer than three armed guards should be provided following in special separate means of transport.

When there are signs of a breach of the means of transport conveying weapons, damage to containers or tampering with the stamp impression or seal, the highest ranking armed guard is required to notify the internal affairs agencies immediately, file an incident report, take the necessary measures to determine the cause of what has occurred and secure the scene.

Weapons are transported in the territory of the Russian Federation under contract by legal persons authorized to provide services for the transport of weapons and ammunition on the basis of transport permits issued by the internal affairs agencies according to procedures specified by the Ministry of Internal Affairs.

Weapons placed under a customs regime are transported and carried in special containers or by means of transport stamped or sealed by the customs agencies. The procedures for carrying and transporting such weapons and ammunition are established by the Federal Customs Service in coordination with the Ministry of Internal Affairs.

Transit

SALW may be carried in transit through the territory of the Russian Federation by any type of transport with authorization from the Federal Customs Service, which coordinates with the Russian departments concerned, including the Ministry of Defence, the Ministry of Foreign Affairs, the Ministry of Internal Affairs and the Federal Security Service.

While in transit through the territory of the Russian Federation, SALW are subject to border and customs control and registration.

Aircraft transporting SALW may not overfly the territory of the Russian Federation without landing for border and customs registration.

1.11 **With respect to aviation security, the International Civil Aviation Organization (ICAO) recently introduced a Universal Security Audit Programme for auditing the compliance of all Contracting States with Annex 17 to the International Civil Aviation Convention. The Committee would appreciate receiving information from the Russian Federation on its experience and on the steps and measures it has taken in implementing Annex 17: i.e., conducting audits, providing training and supplying the necessary guidance and materials.**

In accordance with ICAO recommendations and for the purpose of taking steps to prevent acts of terrorism against civil aviation facilities, including with the use of car bombs and suicide bombers, top officials at international and national airports have been sent instructions on the adoption of emergency measures to prevent unauthorized access by vehicles to airport control zones and on the installation of introscopes and stationary metal detectors at airport entry points.

In accordance with Compendium of Instructions No. K1875 of the President of the Russian Federation of 3 September 2004 and Presidential Decree No. 1167 of 13 September 2004 "On emergency measures to increase the effectiveness of efforts to combat terrorism" the Government of the Russian Federation and the federal executive agencies adopted measures for the legal regulation of civil aviation security issues, as follows:

- The Federal Act "On the introduction of amendments and additions to several legislative acts of the Russian Federation relating to the implementation of aviation security measures on air transport" (No. 20-FZ of 21 March 2005) was prepared and approved;

- The draft federal act on transportation security was prepared;

- The draft federal act on the protection of civil aviation from unlawful interference was prepared;

- A draft decision of the Government of the Russian Federation was prepared approving procedures for protecting airports and their infrastructure in connection with the transfers of the international airports of the Russian Federation to the protection of the extradepartmental security service of the Ministry of Internal Affairs.

The Russian Federation is now in the process of establishing an integrated centralized database to track passengers allowing for the collection, processing and submission in real time of information on all persons who have made reservations or bought tickets (for air, rail, and inter-city and international road, sea and river transport passengers) and who have been registered (for airline passengers).

1.12 **On the basis of the information provided thus far, it appears that the Russian Federation has not yet ratified the 1991 Convention on the Marking of Plastic Explosives for the Purpose of Detection. The Committee would be grateful for an update on the intentions of the Russian Federation with regard to the status of this Convention.**

The ratification procedures necessary for the entry into force for the Russian Federation of the Convention on the Marking of Plastic Explosives for the Purpose of Detection are now being carried out. Ratification of this Convention will attest to the readiness of the Russian party to fulfil all its international obligations and, above all, the requirements set out in United Nations Security Council resolution 1373 (2001).

1.13 **The Committee has noted with interest the Russian Federation's active involvement in 2004 and 2005 with such regional and subregional organizations as the North Atlantic Treaty Organization (NATO) Russia Council and the Eurasian Group's Action Plans on combating terrorism. It would be greatly appreciated if the Russian Federation could provide an update and details concerning similar activities within the framework of other regional organizations, including the Organization for Security and Cooperation in Europe (OSCE) and the Shanghai Cooperation Organization (SCO).**

1. Involvement of the Russian Federation in the counter-terrorism efforts of the Organization for Security and Cooperation in Europe (OSCE)

With the active involvement of the Russian Federation, in 2002 OSCE addressed the financing of terrorism. In furtherance of Permanent Council Decision No. 487 (2002), the Russian delegation in Vienna distributed a food-for-thought paper on further measures to suppress the financing of terrorism (23 April 2004). At the initiative of the Russian Federation, Permanent Council Decision No. 617 on further measures to suppress terrorist financing was adopted on 1 July 2004.

The Russian Federation is also actively involved in the anti-terrorism working group of the Permanent Council. In April 2005, at the initiative of the Russian

Federation, the working group was briefed by the Office of the Economic Coordinator on progress towards implementing Permanent Council Decision No. 617, and an international conference on suppressing the financing of terrorism took place in Vienna from 9 to 11 November 2005.

The Russian Federation, together with the States members of the Collective Security Treaty Organization (CSTO) and Uzbekistan, co-authored a draft statement on preventing and combating terrorism, adopted by the Ministerial Council of OSCE in Sofia on 7 December 2004. The ministerial statement confirmed the commitment of the OSCE participating States to combating terrorism in all its forms.

In 2005 the Russian Federation initiated a number of instruments to boost OSCE counter-terrorism efforts:

- Permanent Council Decision No. 683, of 7 July 2005, on countering the threat of radioactive sources (adopted at the joint initiative of the Russian Federation and the United States of America);
- Ministerial Statement on the International Convention for the Suppression of Acts of Nuclear Terrorism, of 20 June 2005 (adopted at the joint initiative of the Russian Federation and France);
- Ministerial Council Decision, adopted in Ljubljana on 6 December 2005, on combating the threat of illicit drugs (adopted at the initiative of the States members of CSTO and Uzbekistan).

The Russian Federation was also one of the instigators of the OSCE debate on the counter-terrorism role of civil society. It put forward this idea at the second OSCE Annual Security Review Conference (23 and 24 June 2004). The issue was further explored at the OSCE Supplementary Human Dimension Meeting on Human Rights and the Fight Against Terrorism, held under the auspices of the Office for Democratic Institutions and Human Rights (Vienna, 14 July 2005).

The Russian Federation is involved in the OSCE Counter-Terrorism Network (CTN), established in accordance with the Ministerial Council Decision adopted in Maastricht (1 and 2 December 2003), to provide Internet links between contact points in 47 participating States, 11 Partners for Co-operation and 18 international organizations. The Network also covers OSCE institutions and field offices. The function of the Network is to provide online access to information on changes in States' counter-terrorism legislation and on principal counter-terrorism measures. The contact point in Moscow is the department for new challenges and threats of the Ministry of Foreign Affairs.

Representatives of Russian departments (the Ministry of Foreign Affairs, the Federal Security Service, the Federal Financial Monitoring Service, the Procurator-General's Office, the Federal Service for the Control of the Circulation of Narcotic Drugs and Psychotropic Substances, the Federal Customs Service and the Ministry of Communications) regularly take part in OSCE workshops and seminars on counter-terrorism issues. These provide an opportunity for representatives from the participating States who deal with such issues professionally to exchange information, experience and examples of best practice in tackling the threat of terrorism.

Russian Federation representatives took part as rapporteurs in such events as the international Conference on Combating Terrorist Financing, held in Vienna from 9 to 11 November 2005, the regional travel-document security workshop held in Tallinn on 15 and 16 September 2004 and the Expert Workshop on Enhancing Legal

Co-operation in Criminal Matters Related to Terrorism, held in Vienna on 15 April 2005.

2. Cooperation to combat new threats undertaken within the framework of the Shanghai Cooperation Organization (SCO)

According to its charter, the key aims and functions of SCO include joint efforts to counter terrorism, separatism and extremism in all their manifestations, to fight illicit narcotics and arms trafficking and other types of criminal activity of a transnational character, and to combat illegal migration.

In line with the decisions of the 2004 Tashkent summit of SCO, all activities in these areas are coordinated by regular meetings of National Security Council Secretaries of member States; two such meetings have been held, one in Tashkent in 2004 and one in Astana in 2005.

The issuance of the Declaration on the Establishment of SCO at the founding summit in June 2001 coincided with the signing of the Shanghai Convention on Combating Terrorism, Separatism and Extremism, pursuant to which the Regional Counter-Terrorism Structure (RCTS) was established as the standing body of SCO responsible for coordinating and strengthening cooperation among the competent authorities of SCO member States regarding those issues. Its headquarters (Executive Committee) is in Tashkent, Uzbekistan.

The Agreement on a regional counter-terrorism structure, which was signed along with the SCO charter on 7 June 2002 and entered into force on 14 November 2003, sets forth the principles for the establishment and operation of RCTS. The rules of procedure, structure and staffing arrangements of the RCTS Executive Committee were approved in 2003.

The RCTS Council, the Structure's executive body and source of binding decisions on all aspects of its activities, meets twice a year. The rotating one-year chairmanship is currently occupied by China (until September 2006).

Mr. V. T. Kasymov, Deputy Chairman of the National Security Service of Uzbekistan, has been appointed Director of the RCTS Executive Committee by the SCO Council of Heads of State.

The RCTS Executive Committee in Tashkent began operating in January 2004.

The principal responsibilities and functions of RCTS are to develop for the appropriate SCO entities proposals and recommendations to further cooperation to combat terrorism, separatism and extremism; to establish a RCTS database on international terrorist, separatist and other extremist organizations, their structure, leaders, participants and other associates and the sources and channels which finance them; to help to prepare and conduct command-post and operational-tactical counter-terrorism exercises; and to contribute to drafting international legal documents connected with combating terrorism, separatism and extremism.

The task of establishing a legal basis for the operation of RCTS is continuing. The following documents were signed at the summit held on 17 June 2004 in Tashkent: the rules of procedure of the RCTS Council, an agreement on a RCTS database and an agreement on protecting the confidentiality of information in the context of RCTS. In order to implement the latter two agreements, a draft agreement on the technical protection of RCTS information and draft rules for handling confidential information within RCTS are currently being finalized.

On 5 July 2005, in Astana, the SCO Council of Heads of State adopted a framework for cooperation among the States members of SCO in combating terrorism, separatism and extremism.

The RCTS Council adopted a Plan for the conduct of cooperation within RCTS for 2004 to 2006 which proposed considerable work to refine the organizational and legal foundation of cooperation within SCO to counter new challenges and threats.

The defence agencies of the States members of SCO have joined the efforts against terrorism, separatism and extremism. "Coalition-2003" counter-terrorism exercises held along the Kazakhstan-China border involved over 1,000 military personnel from China, Kazakhstan, Kyrgyzstan, the Russian Federation and Tajikistan, as well as aircraft, heavy equipment and artillery. There are plans to continue holding such exercises. A joint document regulating procedures for such events is currently being prepared.

An agreement on combating illicit trafficking in narcotics, psychotropic substances and their precursors was signed at the meeting of the Council of Heads of State held in Tashkent (2004). In order to develop a mechanism to implement the agreement signed in Tashkent, a meeting of the heads of the SCO member States' ministries and departments responsible for combating such trafficking was held at the Narcotic Drug Control Agency under the President of Tajikistan in Dushanbe on 10 December 2004.

The Regional Counter-Terrorism Structure (RCTS) and other SCO mechanisms with a role in dealing with the challenges of the twenty-first century actively maintain international contacts. Accordingly, the United Nations Security Council Counter-Terrorism Committee's fourth meeting with international, regional and subregional organizations was held in Almaty on 26 and 27 January 2005 and was attended by the Director of the RCTS Executive Committee, Mr. V. T. Kasymov. It devoted particular attention to countering the financing of terrorism, to the relationship between bilateral, regional and universal counter-terrorism instruments and to cooperation in the field of travel security.

1.14 **The Committee commends the Russian Federation on the usefulness of its report to the Financial Action Task Force (FATF): "Fulfilment of Special Recommendations in Combating the Financing of Terrorism". Has the Russian Federation submitted similar assessments, reports or questionnaires to other organizations monitoring international standards? If so, the Committee would appreciate it if the Russian Federation would share such information as part of its response to these questions, together with details pertaining to the introduction of international best practices, codes and standards relevant to the implementation of resolution 1373 (2001).**

In March 2005, the Russian Federation provided Asia-Pacific Economic Cooperation (APEC) with information on its measures to counter the financing of terrorism, including measures to implement United Nations resolutions and other international instruments in this field (a copy of the document is attached).

B. HALTING TERRORIST FINANCING:

We will jointly work to deny terrorists access to the world's financial system and use the money trail to locate and apprehend terrorists, in line with the comprehensive approach adopted by our Finance Ministers in September, including through measures to:

B. 1 Implement UN and Other International Instruments:

Contact Point: Name: _____ Title: _____

Telephone Number: _____ Fax Number: _____ Email Address: _____

OBJECTIVE	EXPECTED OUTPUTS	MEASURES UNDERTAKEN OR TO BE COMPLETED IN 2005	FURTHER MEASURES PLANNED (indicate timeframe)	CAPACITY BUILDING NEEDS TO MEET AGREED TARGETS
Endeavoring to ratify the International Convention for the Suppression of the Financing of Terrorism	Ratification of the International Convention for the Suppression of the Financing of Terrorism.	The International Convention for the Suppression of the Financing of Terrorism of 1999 was ratified by the Russian Federation Federal Law 88-ФЗ of July 10, 2002 "On the ratification of the International Convention for the Suppression of the Financing of Terrorism".		
Leaders agreed to take steps to cut off terrorists' access to the international financial system, including implementing standards and agreements on combating terrorist financing and money laundering. (SD-2004) These measures include: • effective blocking of terrorist assets; • criminalization of the financing of terrorism; • increased efforts to investigate and prosecute money launderers and	Implementation of all measures needed to prevent terrorists and their supporters from accessing the international financial system, as called for in U.N. Security Council Resolutions 1373 and 1390. Specifically: 1. terrorist assets blocked 2. the financing of terrorism made a criminal offence 3. efforts to investigate and prosecute money launderers and terrorist financiers increased 4 regulation and	1. The Decree of President of the Russian Federation of January 10, 2002 No. 6 "On measures to implement the UN Security Council resolution No 1373 of September 28, 2001" and the Federal Law No. 115-ФЗ of August 7, 2001 "On counteracting legalization (laundering) of proceeds from criminal activities and financing of terrorism" provide for blocking all operations with money or other assets	Assistance in disseminating international standards for halting terrorist financing on the territory of the EAG participating states. Participation in formulation of recommendations on the elaboration of national laws in the field of halting terrorist financing. Participation in formulating and taking joint measures to counteract legalization of	

OBJECTIVE	EXPECTED OUTPUTS	MEASURES UNDERTAKEN OR TO BE COMPLETED IN 2005	FURTHER MEASURES PLANNED (indicate timeframe)	CAPACITY BUILDING NEEDS TO MEET AGREED TARGETS
terrorist financiers, • preventive steps to protect the integrity of the financial system by regulating and supervising the financial sector consistent with international standards, • joint identification and designation of targets of regional interest	supervision of the financial sector consistent with international standards 5. joint identification and designation of targets of regional interest	of persons and organizations related to terrorist activities as well as subsequent transfer of relevant information to law enforcement agencies for further investigation 2. Financing a terrorist act or a terrorist organization is considered a crime (Penal Code of the Russian Federation, Article 205.1) 3. According to Federal Law No 130-ФЗ of July 25, 1998 "On combating terrorism" organizations recognized as terrorist are subject to closure by a court ruling and their assets should be confiscated and handed over to the State In accordance with the Russian legislation counteracting the financing of terrorism is one of the main functions of the Federal Service of Financial Monitoring (Rosfinmonitoring) 4. Organizations dealing with financial operations or other assets shall - with regard to internal control, including identification of clients - be guided by the "Recommendations on organization of internal	proceeds from criminal activities and financing terrorism within the EAG	

OBJECTIVE	EXPECTED OUTPUTS	MEASURES UNDERTAKEN OR TO BE COMPLETED IN 2005	FURTHER MEASURES PLANNED (indicate timeframe)	CAPACITY BUILDING NEEDS TO MEET AGREED TARGETS
		control, including identification of clients" approved by Decision of the Russian Federation Government No. 983-p of July 17, 2002, relevant provisions and recommendations of the Bank of Russia, as well as by a number of other normative legal acts which take account of international standards in this area. In order to establish a mandatory control the organizations dealing with financial operations or other assets are informed by the Rosfinmonitoring (based on the UN approved lists and national lists) "about the regularly updated list of organizations and physical persons which are suspected of participating in extremist activities". 5. The main regional goal of Russia in this field is to take active measures to strengthen the EAG (established at the initiative of Russia in October 2004 by the Eurasian group to counteract the legalization of criminal proceeds and financing of terrorism similar to FATF)		

OBJECTIVE	EXPECTED OUTPUTS	MEASURES UNDERTAKEN OR TO BE COMPLETED IN 2005	FURTHER MEASURES PLANNED (indicate timeframe)	CAPACITY BUILDING NEEDS TO MEET AGREED TARGETS
		Particularly, provisions were made for solving tasks defined in the Terms of reference of the EAG and its Plan of Action for 2005		
Supporting the FATF's [Financial Action Task Force] Eight Special Recommendations on terrorist financing and pledging to comply as quickly as possible with the recommendations, calling on the IMF [International Monetary Fund] and World Bank, in coordination with FATF, to begin conducting integrated and comprehensive assessments of countries' efforts to implement these recommendations and identifying jurisdictions which need technical assistance.	1. Compliance with the FATF's Eight Special Recommendations on terrorist financing 2. Integrated and comprehensive assessments of countries' efforts to implement these recommendations and identification of jurisdictions that need technical assistance by the IMF and World Bank, in coordination with the FATF.	1.1. The Russian Federation complies with the standards established by the FATF's nine special recommendations and takes effective measures to contribute to their dissemination. 1.2. Russia renders and will continue to render its assistance to the EAG Member States in introducing 40 FATF recommendations in the field of countering the legalization of criminal proceeds and 9 special FATF recommendations on fighting terrorist financing. 2.1. Following the FATF mission to Russia in April 2003 a report on mutual assessment was prepared and approved by the Berlin Plenary of the FATF in June 2003. 2.2. Russia participated in assessment missions organized by the FATF (Ukraine), IMF and World Bank (Kazakhstan),	Assistance to the member states of the EAG in integrating 40+9 recommendations of the FATF, in preparing and conducting the first round of mutual assessments of the EAG participating States.	

OBJECTIVE	EXPECTED OUTPUTS	MEASURES UNDERTAKEN OR TO BE COMPLETED IN 2005	FURTHER MEASURES PLANNED (indicate timeframe)	CAPACITY BUILDING NEEDS TO MEET AGREED TARGETS
		MONEYVAL (Azerbaijan), Egmont Group (Ukraine, Georgia, Moldova, Belorussia). 2.3. Russia has participated in many initiatives of the World Bank and IMF, particularly in implementing a pilot project of these organizations to elaborate a common methodology for assessing national systems in the field of counteraction to money laundering and terrorist financing. Upon the completion of this project relevant methodology was elaborated and with the support of Russia it was approved by the Board of Directors of the World Bank and IMF. Upon the initiative of Russia in September 2004 in Saint-Petersburg an international seminar of the FATF and MONEYVAL was organized for international experts in assessment within a view to globally disseminate and use this methodology. 2.4. Russia will continue to participate, as it has been planned, in assessment activities of the FATF, IMF and the World Bank, particularly with due		

OBJECTIVE	EXPECTED OUTPUTS	MEASURES UNDERTAKEN OR TO BE COMPLETED IN 2005	FURTHER MEASURES PLANNED (indicate timeframe)	CAPACITY BUILDING NEEDS TO MEET AGREED TARGETS
		regard to the decision of the Board of Directors of the IMF and World Bank with an active support from Russia to carry out their assessments in the light of the FATF's special recommendations. 2.5. Russia will continue to actively contribute to the implementation of the program of mutual assessment by the EAG Member States on the basis of 40+9 recommendations of the FATF, including the study of the effectiveness of legislative and other measures taken in the field of counteraction to legalization of criminal proceeds and financing terrorism, participation in the formation and training of groups of experts in assessment, participation in holding mutual assessments; participation in coordination of international cooperation and technical assistance programs of the EAG Member States with specialized international organizations, structures and state concerned, etc.		

B. 2 Promote Better Monitoring of Alternative Remittance Systems and Non-Profit Organizations:

Contact Point: Name: _____ Title: _____

Telephone Number: _____ Fax Number: _____ Email Address: _____

OBJECTIVE	EXPECTED OUTPUTS	MEASURES UNDERTAKEN OR TO BE COMPLETED IN 2005	FURTHER MEASURES PLANNED (indicate timeframe)	CAPACITY BUILDING NEEDS TO MEET AGREED TARGETS
Supporting the work of APEC finance officials and regional bodies on alternative remittance systems, including an analysis of the economic and structural factors that encourage their use.	Better understanding of the economic and structural factors that encourage the use of alternative remittance systems.	Russia will continue its participation in activities of FATF, CTAG working groups, Rome/Lion G-8 group on preventing the use of alternative remittance systems, and in international seminars and symposia to develop typologies and best practices in the area.	Spread of the best practices, typologies developed by FATF, CTAG and Rome/Lion G-8 group on preventing the use of alternative remittance systems.	
Protecting non-profit organizations and well-meaning donors from having their funds misused by terrorist financiers, and endorsing and taking steps to implement at members highest level FATF's recently announced best practices for preventing abuse of charitable institutions by terrorists. Taking similar endorsement and implementation steps with regard to regulation of alternative remittance systems, according to FATF standards embodied in FATF's Eight Special Recommendations, and the more detailed standards now being developed by FATF and FATF-like regional organizations.	1. Protection of non-profit organizations and well-meaning donors from having their funds misused by terrorist financiers 2. Implementation of the FATF's recently announced best practices for preventing abuse of charitable institutions by terrorists. 3. Implementation of steps to regulate alternative remittance systems, according to FATF standards.	1. The Russian Federation pays great attention to methodology and best practices of FATF in order to prevent the use of charitable organizations for financing terrorism. At present no alternative remittance systems were detected in the Russian Federation, such as "halava", "hundi" or "fei-chien", which could be registered and licensed under FATF recommendations. However, taking into consideration decisions by G-8 summits on the issue, as well as FATF recommendations the		

OBJECTIVE	EXPECTED OUTPUTS	MEASURES UNDERTAKEN OR TO BE COMPLETED IN 2005	FURTHER MEASURES PLANNED (indicate timeframe)	CAPACITY BUILDING NEEDS TO MEET AGREED TARGETS
		interested Ministries and agencies promote official remittance systems in Russia in order to make them more appealing and thus to prevent the emergence and development of illegal and criminal remittance systems.		

B. 3 Enhance Law Enforcement and Regulatory Capabilities:

Contact Point: Name: _____ Title: _____

Telephone Number: _____ Fax Number: _____ Email Address: _____

OBJECTIVE	EXPECTED OUTPUTS	MEASURES UNDERTAKEN OR TO BE COMPLETED IN 2005	FURTHER MEASURES PLANNED (indicate timeframe)	CAPACITY BUILDING NEEDS TO MEET AGREED TARGETS
Establishing or identifying a financial intelligence unit (FIU) in each member economy, and taking steps to enhance information sharing with other FIUs.	1. The establishment or identification of a financial intelligence unit in each member economy 2. Enhanced information sharing with other FIUs	1.1. Presidential decree of 1 November 2001 N 1263 established the Russian Federation Committee on financial monitoring (CFM of Russia) and stated that this Committee is a federal executive body authorized to take measures to counter legalization (laundering) criminal proceeds, and to coordinate activities of federal executive bodies in the area. The Federal Law of the Russian Federation of 30 October 2002 N 131-ФЗ "On Amending and Supplementing the Federal Law On Counteracting Legalization (laundering) of Criminally Acquired Proceeds" counteracting the financing of terrorism was included into the terms of reference of the CMF of Russia. In accordance with the Decree of the President of the Russian Federation of 9 March 2004 N 314 the Russian Federation Committee on financial monitoring was	1. Continuous technical assistance for the establishment and development of FIUs in EAG member states, assistance in improvement of legal base of cooperation between the EAG member states in countering legalization of criminal proceeds and financing of terrorism. 2. Further work on preparation for conclusion of international interagency agreements with foreign-FIUs.	

		transformed into a Federal service on financial monitoring. 1.2. Technical support for the establishment and development of the FIU in EAG member states. 2.1. At present Russia's Federal service on financial monitoring shares information with FIUs of 70 countries 2.2. Agreements were concluded with FIUs of 19 countries in order to intensify information sharing, and work is underway to prepare for signing of international interagency agreements with FIUs of a number of countries on interaction in the area of countering legalizing (laundering) of criminally acquired proceeds. 2.3. Proposals are developed on unified standards of information sharing between FIUs of the EAG member states; suggestions are prepared to create a single data base on countering the financing of terrorism for the participating states of this regional organization.		
Supporting private sector initiatives such as the Wolfsberg Statement on the Suppression of the Financing of Terrorism and endorsing	1. Support for private sector initiatives such as the Wolfsberg Statement on the Suppression of the Financing of Terrorism.	1. The Russian Federation supports a number of private sector initiatives, in particular the Wolfsberg principles.		

cooperation between financial institutions and governments.	2. The endorsement of cooperation between financial institutions and governments.	2. Russia's Federal service on financial monitoring and the Bank of Russia (as a supervisory authority) hold regular seminars to train experts of credit organizations and their territorial affiliates within the banking system improvement program on law compliance in the area of countering the financing of terrorism.		